

**AFFIDAVIT OF SPECIAL AGENT BRENDAN CALLANAN
IN SUPPORT OF A COMPLAINT**

I, Brendan Callanan, being duly sworn, depose and state as follows:

INTRODUCTION

1. I am a Special Agent with the Department of Veteran Affairs, Office of the Inspector General (“VA-OIG”), and have been so employed since 2010. I am currently assigned to the Boston Resident Agency in Bedford, Massachusetts. Prior to joining the VA-OIG, I was employed for approximately seven years as a Special Agent with the United States Secret Service in Newark, New Jersey. During my law enforcement career, I have received extensive law enforcement training. This training has included completing the Federal Law Enforcement Training Center’s Criminal Investigator Training Program, and the U.S. Secret Service Special Agent Training Course. More specifically, my law enforcement training has included training regarding various types of fraud, and theft of public money, property and records.

2. In addition to my training, I have experience in the investigation of various fraud schemes. Since joining the VA-OIG, I have participated in many fraud investigations as a case agent and in a subsidiary role. I have debriefed defendants, informants, and witnesses who had personal knowledge about fraud schemes and activities. I have participated in many aspects of fraud investigations, including review of financial records, conducting surveillance, using confidential informants, and acting in an undercover capacity. During my law enforcement career, I have also participated in the preparation and/or execution of numerous search warrants.

3. This affidavit is submitted in support of a criminal complaint charging Michael DONAHER (“DONAHER”), an employee at the United States Department of

Veterans Affairs Medical Facility in Brockton (the "Brockton VA"), with theft of public money, property or records in violation of 18 U.S.C. § 641.

4. The facts contained in this affidavit are based upon information I have gained from my investigation, my personal observations and review of records, my training and experience, and information obtained from other agents and witnesses. In submitting this affidavit, I have not included each and every fact known to me concerning this investigation. Rather, I have set forth the facts that I believe are relevant to the issue of whether probable cause exists to charge DONAHER with theft of public money, property or records in violation of 18 U.S.C. § 641.

Background of the Investigation

5. The Brockton VA is a government-operated medical facility located at 940 Belmont St., Brockton, Massachusetts. The Brockton VA provides multiple services to veterans of the U.S. Armed Forces, ranging from hospice care to mental health.

6. In support of the VA mission to provide services to veterans, the Logistics Service is tasked with making fiscally responsible purchases on behalf of VA employees as needs arise. The Logistics Service employs individuals in various roles from purchasing to inventory accountability and processing.

7. Michael DONAHER ("DONAHER") works as Inventory Management Specialist within the Logistics Service at the Brockton VA and has been employed by the VA since January 2010. In his role as Inventory Management Specialist, DONAHER is responsible for the purchase of various approved equipment which is identified as necessary by other VA employees and which are to be used throughout the facility. In connection with this role, DONAHER received government-issued credit cards that he is

authorized to use for the purchase of new equipment and parts which have been approved to support the facility's mission.

8. During the course of this investigation, I have interviewed VA employees and reviewed VA records and records of various relevant financial institutions.

9. A review of law enforcement records indicates that DONAHER has resided at the following addresses since 2015: 2 Bells Brook Rd., Lakeville, MA 02347, 198 Broadway, Taunton MA 02780, and 115 Meeshawn Ave., East Taunton MA 02718.

10. On April 17, 2019, during a review of purchase card transactions at the Brockton VA, several of DONAHER's transactions were identified as suspicious because they mimicked, with one distinct difference, legitimate transactions normally conducted with FW Webb, a large plumbing supply vendor with whom the VA conducts legitimate business. A review of charges made on DONAHER's government-issued credit card revealed that some of the charges DONAHER purportedly made to FW Webb were preceded with "SQ*" on receipt paperwork, whereas purchases made through normal (and legitimate) channels within FW Webb do not display this marking. Investigation revealed that the "SQ*" marking that preceded the charges on statements indicated that the purchases were processed through a company named Square, Inc.

11. My investigation revealed that DONAHER opened several accounts with Square, Inc., a mobile payment company that markets several software and hardware payment products designed to allow small businesses to process credit card payments through their smartphone. Small businesses can either swipe a customer's credit card using a Square Reader, a small device that can be plugged into a smartphone, or manually key the transactions into the Square, Inc. phone application. Square, Inc. charges the

merchant a fee for processing the transaction, then deposits the remaining proceeds directly into the merchant's bank account. Accounts are established through an online sign up process that is advertised as taking less than five minutes and involves no credit check.

12. As of August 8, 2019, DONAHER had used his government-issued credit card to make suspicious Square, Inc. transactions equaling approximately \$69,720. When DONAHER made these purported purchases, DONAHER often failed to follow standard Brockton VA procedures regarding documentation, ordering and accountability for the equipment and services purchased. In addition, DONAHER took deliberate action to disguise the purchases to make them look legitimate. The purchase orders did not result in goods received by the VA. Rather, the payments for these purchases were routed to personal accounts owned by DONAHER.

VA Standard Operating Procedure for Purchases

13. Department of Veteran Affairs Financial Policy, Volume XVI is designed to ensure that equipment is actually received, documented when it is received, and added to the facility's inventory list. In addition, it ensures that individuals other than the employee ordering the item are involved in the process, which, among other things, can help to prevent or identify fraudulent transactions or purchases.

14. The Brockton VA provides training on the proper use of government-issued credit cards. DONAHER completed this training in August and September, 2018. On November 29, 2018, DONAHER also signed his Governmentwide Purchase Card Certification form, certifying that he understood the policies and regulations governing procurement and agreed to strictly adhere to them.

May 7, 2018 Purchase from SQ*FW Webb 523-8RD734

15. After receiving the initial report regarding the suspicious transactions, I began an investigation of both historical and ongoing transactions involving DONAHER. Following are the details of one example of these transactions:

16. On May 7, 2018, VA records show DONAHER's government-issued credit card (X3846) being used to make a purchase from a company, "SQ *FW WEBB 523-8RD734", for \$1,917.96. DONAHER created a purchase order in the VA purchase order system, VISTA, and the system designated it as purchase order # 523-8RD734. These records show that the order was for the purported purchase of various plumbing equipment totaling \$1,917.96. The purchase order listed FW Webb, 45 Commerce Way, Dedham MA 02027 as the vendor's address. The purchase order requested the items to ship to the VA warehouse at 940 Belmont St, Brockton, MA and designated VA employee "D.P." as the end user of the goods, and the purchase order directed the items to be delivered to this end user.

17. On September 4, 2018, VA records show that Michael DONAHER certified in the system that the items ordered under purchase order # 523-8RD734 had been received and accounted for. However, there is no indication that these items were ever received by the VA.

18. Based on my review of his financial records, there is no indication that DONAHER works for FW Webb.

Square, Inc. Records

19. In connection with this investigation, I conducted a review of account information associated with DONAHER's personal use of Square, Inc. and the use of

DONAHER's VA-issued purchase card through Square, Inc. accounts. Records show that DONAHER has registered 20 personal accounts through Square, Inc. of businesses of which he is listed as either owner or co-owner. Many of these accounts have been closed or suspended for potential "high risk activity."

20. The May 7, 2018 purchase was processed by Square, Inc. through a company named FW Webb (account ID "WSNKPAMESS7VD"). This account was first created on 04/30/2018 by Michael DONAHER, 115 Meeshawn Ave, East Taunton, MA, which is an address associated with DONAHER. The name provided for the business during registration was "FW Webb". The account creator designated Michael DONAHER's HFCU savings account (account number 07188150) as the destination to route all funds that were received.

21. Records show that DONAHER's VA-issued purchase card (X3846) was charged \$1917.96 on May 7, 2018. Square, Inc. captures the GPS coordinates of the device used in the transaction. This transaction occurred on a device which was located either directly in or adjacent to DONAHER's office at the Brockton VA.

22. Records show that, also on May 7, 2018, Square, Inc. disabled account "WSNKPAMESS7VD" for suspicion of "high risk activity." After a waiting period mandated by Square Inc. had expired, the funds were released on March 9, 2019.

23. Records show that Square, Inc. then forwarded the proceeds, minus fees, in the amount of \$1,851.49 to DONAHER's HFCU savings account 07188150 on March 11, 2019.

HFCU Records

24. In connection with this investigation, I conducted a review of the HFCU account (0718850) that received the proceeds of the May 7, 2018 transaction from Square, Inc. This account is registered to Michael DONAHER. This account lists DONAHER's addresses since 2015 as 2 Bells Brook Rd., Lakeville, MA 02347, 198 Broadway, Taunton MA 02780, and 115 Meeshawn Ave., East Taunton MA 02718.

25. Records show that DONAHER's HFCU account (07188150) received \$1,851.49 on 03/11/2019 from Square, Inc. as proceeds from this transaction.

Review of Records Involving SQ * FW Webb vs FW Webb

26. In connection with this investigation, I conducted a review of purchase records for DONAHER both for equipment ordered from "SQ* FW Webb" and for equipment ordered from FW Webb. In general terms, when DONAHER placed orders from FW Webb, he usually followed ordering and accountability procedures. In contrast, according to the records that I reviewed, when DONAHER placed orders from "SQ*FW Webb" he did not follow ordering and accountability procedures.

Interview with Michael DONAHER

27. On 11/05/2019, I interviewed Michael DONAHER. During the interview, DONAHER admitted that he conducted fraudulent transactions using his government-issued purchase cards and routed the proceeds to his personal bank account. DONAHER stated that he attempted to mask these fraudulent purchases by making it appear as if the purchases were made through a large company (FW Webb) that the VA frequently used for legitimate business, when, in fact, they were actually made through a company DONAHER created through Square, Inc. DONAHER stated that none of these purchases

were for actual items ever received by the VA, and DONAHER attempted to hide this fact by annotating the items as having been received within the VA's accountability system. DONAHER estimated that he had fraudulently routed approximately \$70,000 of VA funds to his personal account since the scheme began in 2016.

CONCLUSION

28. Financial records from Square, Inc. show that DONAHER's government-issued credit card was used to make purchases from "SQ* FW Webb" companies that were opened and owned by DONAHER on approximately 27 occasions from July 2016 through August 2019, with those purchases totaling approximately \$69,720 of government funds. In addition, these records show that DONAHER's government-issued credit card was the only credit card used to make purchases from "SQ* FW Webb" companies that were opened by DONAHER during this period with this credit card processor. These government funds were then routed to personal accounts owned by DONAHER.

29. Based on the information described above, I have probable cause to believe that beginning on or about July 2016 to August 2019, DONAHER has violated 18 U.S.C. § 641.



Brendan Callanan
Special Agent,
VA-OIG

Subscribed and sworn to before me at Boston, Massachusetts
this 23rd day of January 2020.

